

To the Chief Justice of the Supreme Court of the Republic of Indonesia:

Regarding: Tungsway Food & Beverage Holdings, Pte., Ltd.
v. PT Istana Pualam Kristal
Supreme Court of the Republic of Indonesia
Case Number:
12/Kas/HKI-Merek/2005/ PN.Niaga.Jkt.Pst Jo. No 68/HKI-
Merek/2004/PN.NIAGA/JKT.PST

The International Trademark Association (INTA) respectfully submits this brief to the Indonesian Supreme Court in order to be of service to it on the two major issues arising in this case:

1. What internationally accepted factors are considered when determining whether a trademark registration has been obtained in bad faith; and
2. What internationally accepted factors are considered when determining whether a trademark is well-known.

INTA respectfully asks this honorable Court to consider the contents of this brief when rendering its decision in this case.

1. Identity and Expertise of INTA

INTA is a 127-year-old not-for-profit organization dedicated to the support and advancement of trademarks and related intellectual property concepts as essential elements of trade and commerce. INTA has over 4,600 members in 180 countries. The association is global and crosses all industry lines, including manufacturers, retailers, and service providers in industries ranging from aerospace to consumer goods. INTA currently has thirty-eight (38) members in the Republic of Indonesia.

Since 1916, INTA has acted in the capacity of advisor and has appeared as *amicus curiae* (“friend of the Court”) in several jurisdictions.¹ INTA presents itself as a “friend of the Court” in this matter.

¹ *French Connection Ltd v. DB Mirchandani* (Indonesian Supreme Court); *Davidoff & Cie SA v. Sumatra Tobacco Trading Company* (Indonesian Supreme Court); *Intel v. Hanitio Luwi* (Indonesian Supreme Court); *Intel v. Panggung Electronics* (Indonesian Supreme Court); *Prefel S.A. v. Fahmi Babra* (Indonesian Supreme Court); *Prefel S.A. v. Jae Ik Choi* (Korean Supreme Court); *Ikea Inter-Systems Inc. v. Beijing Cinet Co Ltd.* (Beijing High Court); *Schering-Plough*

INTA members are interested in the development of clear and consistent principles of trademark and unfair competition laws around the world. INTA has been an official non-governmental observer to the World Intellectual Property Organization (WIPO) since 1979, and actively participates in all WIPO trademark-related proposals. INTA has influenced WIPO trademark initiatives such as the Trademark Law Treaty and is active in other international arenas including the Asia Pacific Economic Cooperation Forum (APEC), the Association of Southeast Asia Nations (ASEAN), the European Union (EU) and the World Trade Organization (WTO). INTA's membership is varied and extensive, and it is a balanced and reliable representative body. INTA's international membership enables it to bring a global approach to the issues at stake.

INTA herewith respectfully submits this brief in the hope that it may assist the Court by sharing the experience of this international group of trademark owners and practitioners. INTA believes that this case is significant to the development of international trademark law, particularly with regard to the issues of bad faith and the well-known character of marks as they relate to the protection of trademarks. Therefore, in consideration of its expertise, INTA respectfully requests that this honorable Court consider its comments below.

2. INTA's Expertise in Relation to Bad Faith Registration

INTA is dedicated to the protection of trademark rights throughout the world. To that end, it has in its various Resolutions and Guidelines incorporated provisions pertaining to the protection of marks from bad faith registration. Among such Resolutions and Guidelines are the "Model Law Guidelines – A Report on Consensus Points for Trademark Laws," dated May 1998 and endorsed by the Board of Directors, relevant portions of which are reproduced herein below:

Ltd v. European Commission and EMEA (European Communities Court of First Instance); *Paranova A/S v. Merck & Co., Inc., Merck, Sharp & Dohme B.V. and MSD* (EFTA Court); *PRAKTIKER Bau-und Heinwerkmärkte AG* (European Court of Justice); *Shield Mark v. J. Kist* (European Court of Justice); *Libertel Groep B.V. v. Benelux Merkenbureau* (European Court of Justice); *Glaxo Wellcome Limited v. Dowelhurst Limited and Swingward Limited* (European Court of Justice); *Veuve Clicquot Ponsardin, Maison Fondée en 1772 v. Les Boutiques CLiquot Ltee, Mademoiselle Charmante Inc. and 3017320 Canada Inc.* (Canadian Supreme Court); *Tabacalera Boquerón S.A. vs. Nobleza Piccardo SACI and/or BAT and/or BAT BRANDS Limited* (Supreme Court of Justice of Paraguay); *MacDonald's Corporation v. DAX Properties CC and JoBurgers Drive Inn Restaurants (PTY) Limited* (Supreme Court of South Africa); *Heublein Inc. v. Appeals Chamber of Rospatent* (Moscow City Court, Russia); *Test Masters Educational Services, Inc. v. Singh and Singh v. Test Masters Educational Services* (United States Supreme Court); *KP Permanent Make-Up, Inc. v. Lasting Impression Inc. and MCN International I Inc.* (United States Supreme Court); *JSL Corp. v. Visa International Services Ass'n* (United States Ninth Circuit Court of Appeals); *Dastar Corporation v. Twentieth Century Fox Film Corporation, SFM Entertainment LLC and New Line Home Video, Inc.* (United States Supreme Court); *Moseley v. V Secret Catalogue, Inc.* (United States Supreme Court); *Taylor Corporation v. Sigma Chi Fraternity and Sigma Chi Corporation* (United States Court of Appeals for the Eleventh Circuit); *TrafFix Devices, Inc. v. Mktg. Displays, Inc.* (United States Supreme Court).

Proposal 4.2:

There should be an express presumption of registrability irrespective of the nature of the goods or services (including retail store services) to which the mark is to be applied, but a mark should not be registrable by the applicant to the extent that:

4.2.10 registration of the mark would otherwise amount to a misappropriation by fraud or other bad faith means;

Proposal 1.4:

The use must be bona fide use in the course of trade for the goods or services in respect of which the mark has been registered.

In addition to the above, Proposal 2.2 of the Guidelines provides that registration of a mark can be validly contested on the basis of bad faith in registration even after the expiration of 5 years, at which point a registration generally becomes incontestable.

The rationale of these provisions is that applicants acting in bad faith should not obtain the benefit of trademark registration, token use should not be adequate to sustain a trademark registration, and only genuine commercial use should be sufficient to sustain a trademark registration. This rationale has found expression in the trademark legislation of many countries, including Indonesia, enabling mark owners to cancel registrations, or successfully oppose attempts at registration, on the ground of bad faith, even if the mark concerned is not well-known.

3. INTA's Expertise in Relation to Well-Known Marks

INTA is dedicated to the protection of trademark rights throughout the world. In particular, INTA believes that well-known marks are entitled to greater protection in order to prevent the harm to trademark owners and consumers caused by third parties who trade off the goodwill in their marks. Trademark owners are entitled to such protection because they invest time, money, and other resources to create and promote their marks and the goodwill associated with them, thereby increasing their value. Consumers should also be protected from the deception and resulting damage caused by the misappropriation of marks by third parties. Such protection is especially crucial in countries where the mere registration of a mark affords the registrant with all rights associated with the mark.

Since the first WIPO meeting in November of 1995 that discussed the need to clarify, consolidate and supplement the existing international standards of the protection of well-known marks under the Paris Convention and the Agreement on Trade-Related Aspects

of Intellectual Property Rights (TRIPS Agreement), INTA has played an important role in the development of the WIPO Provisions for the Protection of Well-Known Marks, adopted June 8, 1999. INTA has not only participated since 1995 in the deliberations of the WIPO Standing Committee on Trademarks, but it has also provided WIPO with criteria to be considered when determining what constitutes a “well-known mark.”

Thus, on September 18, 1996, INTA’s Board of Directors adopted the Well-Known Marks Protection Resolution endorsing:

- (1) the protection of well-known marks, whether or not a mark is used or registered in a jurisdiction, if such mark has sufficient local reputation; and
- (2) a list of fame factors as criteria for establishing a “well-known” mark.

The Resolution also recommended that the element of bad faith be an important consideration in conjunction with remedies concerning infringement of well-known marks.

In September 1999, WIPO formally issued its *Joint Recommendation concerning the provisions for the Protection of Well-known Marks*. This recommendation, adopted by the WIPO General Assembly and the Assembly of the Paris Union, was an attempt to provide a worldwide standard for the implementation of the requirements under Article 6 *bis* of the Paris Convention and Article 16 of the TRIPS Agreement.

Given that the WIPO provisions were consistent with the INTA policy as set forth in the 1996 INTA Board Resolution mentioned above, and provided specific direction to countries needing to improve protection for well-known marks, on September 15, 1999, INTA’s Board of Directors adopted another resolution on well-known marks supporting the WIPO provisions. INTA’s resolution endorses protection of well-known marks without requiring registration and/or actual use in the form of sales of goods and services bearing the mark in the jurisdiction in question if such mark has sufficient local reputation to be considered a well-known mark.

4. Summary of Procedural and General History of the Case

The Appellant Tungsway Food & Beverage Holdings Pte. Ltd. (Tungsway) is a company established and existing under the laws of Singapore. Tungsway opened its first restaurant in Singapore in 1991 under the name “Crystal Jade Restaurant” and began using the service mark CRYSTAL JADE and Device at this time. Tungsway is the registered owner of the mark CRYSTAL JADE and Device and its variations in Singapore, Hong Kong, Malaysia, Taiwan, Thailand, Korea, Japan, China, and Vietnam, and currently holds a number of registrations in these countries, although many of these were acquired after the first one of the Appellee's two registrations.

The Appellee PT Istana Pualam Kristal (PTIPK) was incorporated on 12 February 1996.

PTIPK is the registrant of two marks in Indonesia containing the words CRYSTAL JADE (Registration Nos. 391124 and 560742), the first in respect of Class 42 for restaurant services, and the second in respect of Class 43, also for restaurant services. Though neither of PTIPK's two registrations is identical with any of Tungsway's registrations in the region, each contains the same device, the same distinctive word element CRYSTAL JADE, the same stylized font, and the same colors of green and white as Tungsway's registered service marks. PTIPK originally applied for Registration No. 391124, CRYSTAL JADE PALACE INTERNATIONAL RESTAURANT & Design, on 1 July 1996, and for Registration No. 560742, CRYSTAL JADE KITCHEN & Device, on 24 February 2003. Both applications were filed without Tungsway's knowledge or consent.

Prior to applying for the registrations, Mr. Husain Djojonegoro, a shareholder and the Commissioner of PTIPK, entered into a management agreement with Crystal Jade Restaurant Pte Ltd, a subsidiary of Tungsway, on 13 February 1996. Mr. Djojonegoro was given permission to operate the Crystal Jade Palace International Restaurant in Indonesia. One day before the management agreement was signed (i.e. on 12 February 1996), the Appellee proceeded to incorporate PT Istana Pualam Kristal, a direct translation of Crystal Jade Palace, without Tungsway's knowledge and consent. From what we understand, there was never any provision in the agreement, or in any other document or other oral agreement, that authorized PTIPK or Mr. Djojonegoro to register Tungsway's marks under any circumstances.

On 15 December 2004, Tungsway filed to cancel PTIPK's registrations in the Central Jakarta Commercial Court on the following grounds:

1. That PTIPK's registered marks are similar to Tungsway's mark, CRYSTAL JADE and Device, a well-known mark;
2. That PTIPK registered its marks in bad faith; and
3. That PTIPK's registered marks are similar to Tungsway's company name.

It is important to note that, because one of the trademarks sought to be cancelled was registered more than five years prior to Tungsway's cancellation action, Tungsway had to prove that PTIPK acted in bad faith in order to gain exception to the five-year time limit for a cancellation action for that registration.

On 7 March 2005, the Central Jakarta Commercial Court gave a decision against Tungsway on the following grounds:

1. That Tungsway's mark, CRYSTAL JADE & Device, is not well-known;
2. Accordingly, that PTIPK did not register its marks in bad faith; and
3. That the cancellation action as to Registration No. 391124, of CRYSTAL JADE PALACE INTERNATIONAL RESTAURANT & Design, was accordingly time barred, since more than five years had elapsed since its date of registration.

On 11 April 2005, Tungsway filed an appeal in this honorable Court. This appeal is

currently awaiting decision.

5. International Principles on Bad Faith

a. General

As a member of the Paris Convention for the Protection of Industrial Property and a signatory to the World Trade Organization's TRIPS Agreement, Indonesia has an international obligation to protect marks against bad faith registration.

It is an internationally accepted principle that the registrant of a mark has to be a bona fide owner and should apply for registration of its mark for bona fide use only. This important principle has been incorporated in almost all local trademark legislation worldwide, including that of Indonesia.

Bad faith is an important element to consider when assessing competing interests to a mark. Inconsistent application of rules relating to bad faith applications has fostered public deception and represents an obstacle for holders of legitimate rights in registered or unregistered marks. This threatens investment and honest trade. As the Hong Kong court pointed out in the *Ten-Ichi* case,²: "...[A]ll plaintiffs wish to do is to exploit their legitimate business interests which have been accumulated over the years and which have achieved a high standard of international reputation. They therefore would be prevented from opening a restaurant here apparently on the basis that the defendants have quite deliberately stolen their name and their description; in our judgement, it defies common sense for me to say that the genuine interest of the plaintiff should be prejudiced in that way."

By also advocating consideration of the element of bad faith when deciding upon the protection of a well-known mark, as highlighted in the *1999 WIPO Joint Recommendation*, INTA is seeking to alert courts to the importance of assessing the intent and motivation of trademark registrants when attempting to identify and fight trademark piracy.

The Indonesian laws in the last 15 years have expressly addressed registration of marks in bad faith. The three (3) relevant Articles are as follows:

Article 4 of the Indonesian Trademark Law of 2001 and its Elucidation provide;

A trademark shall not be registered on an application made by the applicant in bad faith.

² *Ten-Ichi Co LTD v. Jancar Ltd.* (1990) FSR 151, (1989) 2 HKC 330, see Mostert, *Famous and Well-Known Marks: An International Analysis*, p. 36.

The explanatory notes state that: *“The Applicant with good faith is the Applicant that registered its trademark appropriately and honestly without any intention to take advantage of, to imitate or to copy the well-known being of another Trademark for the benefit of its business while inflicting a loss on the other party, or creating an unfair competition, deceiving or misleading consumers.”*

Article 6 Paragraph (1) letter b Law No. 15 year 2001 further provides: “Application must be denied by the General Directorate if the Mark has basic or entire similarity with a well-known Mark belonging to other party for goods and/or services alike.”

In earlier legislation, Law No. 14 year 1997 on the Revision of Law No. 19 year 1992 on Mark, the General Elucidation on number 1 letter c, stated: “Protection of well-known marks based on the consideration that well-known mark falsification belonging to other party with malevolence, especially to gain opportunity to benefit other mark’s fame, therefore also do not deserve legal protection.”

The three trademark laws mentioned above are not in principle different from one another, in that all three forbid trademark registration applications by applicants with malevolence (all regulated in Article 4 of the 2001 Trademark Law). Therefore, it appears that the basic principles of these laws may be applied equally to cases, regardless of whether trademark registrations involved fall under the 1992, 1997, or 2001 laws.

b. No time limitation in case of bad faith registration

According to international principles, the exclusive right conferred by registration is not circumscribed by limitation of time under certain circumstances. The Paris Convention states in Article 6bis (2) (3) that:

(2) A period of at least five years from the date of registration shall be allowed for requesting the cancellation of such a mark. The countries of the Union may provide for a period within which the prohibition of use must be requested.

(3) No time limit shall be fixed for requesting the cancellation of the prohibition of the use of marks registered or used in bad faith.

The WIPO *Joint Recommendation* states in Articles 4 (5) and 4 (6):

(5) [No Time Limit in Case of Registration or Use in Bad Faith] (a) Notwithstanding paragraph (3), a Member State may not prescribe any time limit for requesting the invalidation of the registration of a mark which is in conflict with a well-known mark if the conflicting mark was registered in bad faith.

(b) Notwithstanding paragraph (4), a Member State may not prescribe any time limit for requesting the prohibition of the use of mark which is in conflict with a well-known mark if the conflicting mark was used in bad faith.

(c) *In determining bad faith for the purposes of this paragraph, the competent authority shall take into consideration whether the person who obtained the registration of or used the mark which is in conflict with a well-known mark had, at the time when the mark was used or registered, or the application for its registration was filed, knowledge of, or reason to know of, the well-known mark.*

(6) *[No Time Limit in Case of Registration Without Use] Notwithstanding paragraph (3), a Member State may not prescribe any time limit for requesting the invalidation of the registration of a mark which is in conflict with a well-known mark, if that mark was registered, but never used.*

In conformity with these provisions of international law, the new Indonesian Trademark Law, under Article 69 (2),³ clearly states that if a trademark registration is against public order – a concept that includes bad faith - the limitation period of five years provided in Article 69 (1) does not apply. Therefore, in cases of bad faith and particularly for well-known marks, the time limit for cancellation does not apply.

6. Factors Relevant to Bad Faith and their Application

One of the most difficult questions to answer is how a court should assess the presence of bad faith. Although intent is in general subjective, it can be inferred from the defendant's conduct and from circumstantial evidence. Courts have looked at circumstances such as the access that the defendant has to a plaintiff's mark and the great similarity between the plaintiff's mark and the defendant's mark. As defined in G.H.C. Bodenhausen's *Guide to the Application of the Paris Convention for Protection of Industrial Property*, "bad faith will normally exist when the person who registers or uses the conflicting mark knew of the well-known mark and presumably intended to profit from the possible confusion between that mark and the one he has registered or used."⁴ A United States District Court in Virginia agreed, pointing out that "[a] presumption of bad faith exists if the defendant was aware of the plaintiff's trademark..."⁵

In addition to awareness of the plaintiff's mark, the nature of the relationship between the parties is also an important factor to consider in assessing whether the defendant acted in bad faith. As Dr. Frederick W. Mostert explains in his treatise *Famous and Well-Known Marks: An International Analysis*, "[a] compelling inference of knowledge on the part of the defendant is obvious where some prior business relationship existed between the

³ New Trademark Law of Indonesia (Number 15 of 2001), Article 69 reads as follows:

- (1) *A complaint for a cancellation of a Trademark registration may only be made in a period of five (5) years as from the date of the Trademark registration.*
- (2) *A complaint for a cancellation may be made beyond the time limit if the Trademark is against the religious morality, decency, or public order."*

Under Elucidation of Law of the Republic of Indonesia, "Against public order includes bad faith."

⁴ *Guide to the Application of the Paris Convention for Protection of Industrial Property* p. 93.

⁵ *V. & S Vin & Spirit Aktiebolag v. Hanson*, 61 U.S.P.Q.2d 1277 (E.D. Va. 2001).

plaintiff and the defendant, for example, where the defendant acted as a licensee, franchisee, importer, distributor, agent or employee of the plaintiff.” This was taken into account in two English cases. In the CHINAWHITE⁶ case, the English Court of Appeal considered the situation where a director of the trademark applicant had previously worked for the opponent's business and had developed a cocktail called CHINAWHITE for the opponent. The trademark applicant, with obvious knowledge of the opponent’s mark, had subsequently applied to register the name for alcoholic beverages and related goods. The court observed that whether the applicant applied for registration in bad faith should not depend solely on the subjective intention of the applicant but instead should be considered against acceptable commercial behaviour observed by reasonable and experienced persons in the particular commercial area being examined. The court upheld the opposition, holding that any person applying proper standards would not have applied for trademark registration in the circumstances, despite the fact that the mark was not well-known. Similarly, in *Ball v. The Eden Project Ltd*⁷, the English High Court held that it was a breach of fiduciary duty for the defendant, a former company director, to register the plaintiff’s company name after a fiduciary relationship had been formed between the two parties.

Therefore, although circumstances may differ from case to case, courts have generally held that knowledge of the plaintiff’s mark, coupled with some prior business relationship between the plaintiff and defendant, are very strong indicators of bad faith on the part of the defendant.

It is also important to emphasize that bad faith is an independent factor, and that a finding of bad faith should not be dependent upon whether a mark was well-known.⁸ This is demonstrated clearly by a number of cases in which the mark copied by the defendant, while well-known in its ‘home’ country and in third countries, was not known at all, and had no reputation in, the defendant’s jurisdiction.

The Spanish Court held in the *Popeye*⁹ case that the cancellation of a 40-year-old trademark registration for POPEYE was to be upheld because the application for registration had been filed in bad faith. The Court did not find it necessary to go into analysis of other factors because bad faith alone was sufficient to uphold the cancellation.

In the Argentinean case, *Fromageries Bel SA v. Ivaldi, Enrique*¹⁰, the Supreme Court decided to cancel the local registration of the mark VACA QUE RIE (confusingly similar to the French trademark LA VACHE QUI RIT) for cheese products, which had been obtained more than 30 years earlier by the local defendant in Argentina. The Court

⁶ *Harrison v. Teton Valley Trading Co* [2004] EWCA Civ 1028.

⁷ *Ball v. The Eden Project Ltd And Another*, UK High Court, 11 April 2001, ETMR 966.

⁸ See *INTA’s Amicus Brief for French Connection Ltd v. DB Mirchandani*, Supreme Court of Indonesia, Case No. 26/Trademrk/2004/PN.NIAGA.JKT.PST.

⁹ *Popeye*, Provincial Court in Burgos, 20 September 2004, Case No. 292/95.

¹⁰ *Fromageries Bel SA v. Ivaldi, Enrique, La Ley* (Supreme Court, Federal Chamber Buenos Aires, 26 June 1963), reported by Mostert in *Famous and Well-Known Marks: An International Analysis*, p. 45 footnote 59.

inferred from the fact that the defendant copied the plaintiff's mark that it must have had knowledge of the plaintiff's mark. The prior knowledge of the well-known mark constituted a sufficient basis for the Court's decision in favor of Fromageries Bel S.A. despite the fact that the plaintiff's mark was neither used nor had goodwill in Argentina. In fact, the mark may not have been known at all in Argentina, but the Court was nevertheless willing to order cancellation of the local registration.

In similar vein, the Singapore Court, in the recent *R H Macy* case¹¹, found the existence of goodwill even though the plaintiff did not carry on business within the local market. In doing so, it observed that:

...[i]n these days of expanding travel and tourism, I would anticipate a development in the law of passing off whereby the owners of reputation and goodwill acquired abroad may be granted protection for that reputation and goodwill here even though they do not carry on business here...

And in a final illustration, the South African Court, in *Burger King*¹², upheld the opposition to an application by a local company to register the trademark BURGER KING, despite the fact that the plaintiff opponent had neither used nor registered the mark in South Africa, and further had not established any reputation of the BURGER KING mark in South Africa. The Registrar held that the defendant was well aware of the reputation of BURGER KING in the United States and therefore proceeded with the application in bad faith.

Although bad faith is an independent factor, where a mark is well-known, and the junior user's mark is either identical or very similar, bad faith will often be inferred. "Bad faith refers to the intent of the defendant to trade upon the reputation of a famous or well-known mark by adopting a similar mark."¹³

In one such case, regarding the MORGAN trademark, the defendant had registered the trademark MORGAN in classes 10 and 14 prior to the plaintiff's application to register MORGAN in a different class. The Commercial Court's decision was:

*The plaintiff has used the MORGAN trademark in several countries since 1990, especially in France, the original country; therefore, the use of the MORGAN trademark by defendant 1 is to free-ride on the well-known status of the MORGAN trademark owned by the plaintiff, and therefore the MORGAN trademark owned by defendant 1 must be cancelled.*¹⁴

¹¹ *R.H. Macy & Co. Inc v. Trade Accents*, [1992] 1 SLR 581.

¹² *SA Wimpy (Pty.) Ltd. v. Burger King Corporation*, South African Patent Journal 1978, 166, noted at 69 TMR 172 (1979).

¹³ Frederick W. Mostert, *Famous and Well-Known Marks: An International Analysis*, Butterworths, p. 35.

¹⁴ *Morgan S.A. vs Fong Sui Pau*, Jakarta Commercial Court, Case No. 009/Merek/2001/PN.Niaga Jkt. Pst.

The Indonesian Supreme Court found in the *Alfred Dunhill v. The Heirs of Moedjianto Widjadja*¹⁵ case that “bad faith” could be inferred from the similarity of the defendants’ marks to the plaintiff’s well-known mark, DUNHILL. The Supreme Court held that the plaintiff was the owner of the well-known mark DUNHILL and that he therefore had a monopoly over the use of the mark in Indonesia. The Court held that the defendants’ marks were similar in principle to the plaintiff’s marks and that, on the basis of the similarity, the defendants’ marks had to be cancelled.

7. International Principles of Well-Known Marks

a. Principles of well-known mark protection

The main international rules on the protection of well-known mark are contained in the Paris Convention for the Protection of Industrial Property and in the TRIPS Agreement. Indonesia has acceded to both. These two treaties set out several basic rules on well-known marks. The Paris Convention states in Article 6 bis:

The countries of the Union undertake...to cancel the registration...of a trademark which constitutes a reproduction...liable to create confusion, of a mark considered by the competent authority of the country of registration... to be well known in that country...and used for identical or similar goods.

This general statement was later supplemented by Article 16(2) of the TRIPS Agreement, which states the following:

In determining whether a mark is well known, Members shall take into account the knowledge of the trademark in the relevant sector of the public, including knowledge in the member state concerned, which has been obtained as a result of promotion of the trademark.

Over the years the following overriding rules and standards for protection of well-known marks have arisen from the interpretation of treaties such as the Paris Convention and the TRIPS Agreement.

- **No need to show use or registration within a jurisdiction**

Protection of well-known marks is to be based on reputation alone and not on registration or use of the mark in the country in question. In the modern age of mass communications and marketing, it is very common for a mark to develop a reputation before products have even been widely sold under a mark. Consumers who have access to international publications, the Internet, cable and satellite television are

¹⁵ *Alfred Dunhill v. the Heirs of Moedjianto Widjadja*, Supreme Court Reconsideration case, 585/PK/Pdt/1995 dated 30/8/1999.

often familiar with well-known trademarks regardless of the actual volume of sales. Furthermore, some well-known brands are sold in small quantities and in a limited number of countries in order to preserve the brand owners' exclusivity on specific markets. A clear example might be FERRARI, a trademark that many people have heard of through widespread promotion and long use, yet only a very few FERRARI cars are sold worldwide.

- **Reputation within the relevant trade and consumer groups**

When determining whether or not a trademark is well known, only the relevant sector of the public needs to be considered. Whether or not the general public is familiar with the mark is not determinative. The relevant sector of customers is determinative; it may include actual or potential consumers, those involved in the channels of distribution and business circles dealing with the products sold under the mark. Marks may be very well known in a certain restricted field of trade and less known to the general public. It is, therefore, important in each case to initially identify the relevant sector of the public.

To comply with their international obligations, many countries, including the United States of America, Brazil and Canada have developed a series of factors to determine whether or not a mark is well known. In countries such as India, Colombia, France, Mexico, Peru and the United Kingdom, case law has developed such rules. Other countries like China and Japan have adopted regulations on well-known marks.

b. Factors to determine whether or not a mark is well known

The 1999 *WIPO Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks* contains a series of factors to be considered in determining whether a mark is well known:

- **The degree of knowledge or recognition of the mark in the relevant sector of the public.** Recognition by the relevant consumers of a mark is the fundamental test for determining whether or not a mark is well known. The definition of relevant consumers is set out above. This test can be conducted in a number of ways through consumer surveys, opinion polls, media and press coverage about a brand, as well as sales figures and marketing data. However, the evidence is not to be restricted to sales volume and proof of use, because well-known mark protection is about protection of the brand's reputation, not the local sales.
- **The duration, extent and geographical area of any use of the mark.** The long historical use of a mark increases the likelihood that it has become well known. Advertising and promotional pieces may also show use. Use on the Internet also warrants consideration. Use in neighbouring countries, or in countries with a close connection also has some relevance. However, there is no requirement to prove use in the country in question (here Indonesia).

- **The duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, of the goods and/or services to which the mark applies.** Copies of advertising and promotional materials are relevant pieces of evidence. This element is very important because a mark can become well known through advertising and promotion, even when it is not yet used or registered in a country. Indian courts have developed a number of rules to cover cases in which evidence of reputation abroad may have spilled over into another country through advertisement or other forms of commercial contact.¹⁶
- **The duration and geographical area of any registrations or applications, to the extent that they reflect use.** The number of registrations worldwide is certainly relevant, to the extent that it shows probable exploitation and use of the mark.
- **The record of successful enforcement of rights in the mark,** in particular the instances where the trademark was recognized as well known by competent authorities. Other countries having declared the mark well known or courts having extended protection to it could clearly indicate that the mark is well known in those countries.

The above factors are not exhaustive; they are simply guidelines to assist the relevant authorities to determine whether or not a mark is well known. In some cases all the factors may be relevant. In other cases some or none of the factors may be relevant. In such circumstances, the determination of whether a mark is well known or not shall be based on additional factors that are not listed above. Any relevant circumstances may be taken into account and any information may be considered.

8. Application of the Above Principles to the Instant Case

a. The court failed to conduct proper analysis in making its determination of bad faith.

The Commercial Court failed to sufficiently appreciate the distinction between protection of well-known marks and protection against bad faith registration. The theories underlying the protection of well-known marks and against bad faith registration, although related, are independent of each other. Under Indonesian law, a mark does not have to be well-known to come under the ambit of protection offered against bad faith registration, and vice versa. For example, a defendant who copies a mark in bad faith and

¹⁶ See the Indian cases of *Allergan Inc. v. Milment Oftho Industries*, AIR 1998 Cal 261 (DB) *N. R. Dongre v. Whirlpool Corpn.* AIR 1995 Del 300 affirmed in appeal by the Supreme Court; (1996) 5 SCC 714; and *J.N. Nichol (Vinto) Ltd. v. Rose and Thistle*, 1994 PTC 83 (Cal) (DB) also *Caterpillar Inc. V. Jorange*, AIR 1998 Mad 171 (DB).

a defendant who uses a well-known mark without knowledge that the mark is already being used may be equally liable for infringement. Therefore, the Commercial Court here should not have allowed its determination that the CRYSTAL JADE mark was not well-known to dictate that the same mark was not registered in bad faith.

Further, the Court only focused on the timing of the CRYSTAL JADE mark registrations in Indonesia and failed to consider the many other issues that should have factored into its determination. For example, although the Appellee was the first to register the mark in Indonesia in 1996, the Appellant had been using the mark since 1991 outside of Indonesia. The Commissioner of the Appellee entered into a management agreement on February 13, 1996 to operate a CRYSTAL JADE restaurant in Indonesia and proceeded to apply for registration of the mark five months later without the Appellant's knowledge or consent. The Appellee's mark is almost identical to that of the Appellant's and is actually identical in its distinctive elements (the words CRYSTAL JADE, the stylised font, the design of the device, and the colours of the device). The Appellee's mark also covers identical or closely similar services. Also, the existence of the management agreement suggests that the mark was being used by the Appellant well before the Appellee, and was to be used by the Appellee only with the Appellant's permission and under the Appellant's control. All of these factors were important to the issue of bad faith and should have been considered by the Commercial Court.

Further, if the available evidence establishes that the Appellant's CRYSTAL JADE mark was well-known at the date of the Appellee's application for its first registration (July 1996), this would be very relevant to the consideration of whether the Appellee applied for that registration, and its subsequent registration in 2003, in bad faith.

b. The court failed to conduct a proper analysis in making its determination as to whether the CRYSTAL JADE mark is well-known.

As a member of the Paris Convention for the Protection of Industrial Property and a signatory to the World Trade Organization's TRIPS Agreement, Indonesia has an international obligation to protect well-known marks.

The Commercial Court in this instance failed to consider the large breadth of factors that bear on whether a mark is well-known. It should have considered in the very least all of the applicable factors listed in the 1999 WIPO *Joint Recommendation*. Considering that this list is non-exhaustive, it also could have considered additional factors, depending on the circumstances of this particular case. However, the Commercial Court failed to consider any of the relevant factors except for whether the Appellant's mark had been registered worldwide.

There were several factors, which the Commercial Court ought to have considered, relevant to the question of whether CRYSTAL JADE may have been well-known in Indonesia by 1996, the time of the Appellee's first registration of the mark in Indonesia. For example, the Commercial Court should have considered how rapidly the business had grown from its first opening in 1991 to 1996, including its increase in revenues, the

extent of promotion, and growing business. Further, because Indonesia is in such close proximity to Singapore, the Commercial Court should have considered factors such as the ease of travel between the two countries, the large number of Indonesian businessmen and tourists who visit Singapore each year, and the prevalence of mass media communications. Finally, the Commercial Court should have also taken into account the fact that one of the shareholders and a Commissioner of the Appellee, who himself was from Indonesia, dined at a Crystal Jade restaurant in Singapore and requested to enter into a management agreement with the Appellant.

Moreover, the Commercial Court erred in its analysis of the one factor that it did consider in making its determination as to the notoriety of CRYSTAL JADE. Even though it is an internationally accepted practice to accept certified copies of registration certificates as sufficient evidence of the existence of a trademark registration, the Commercial Court decided that such copies did not sufficiently show that the mark had been registered.

9. Conclusion

INTA hopes that by submitting this brief in its capacity as *amicus curiae*, it will assist the Supreme Court to better understand and implement the various internationally accepted principles on bad faith registrations and rules on well-known marks.

INTA reiterates that use or registration in Indonesia should not have been a requirement to determine whether or not an application is made in bad faith or whether a mark is well known.

Rather, the full array of conduct in which the Appellee engaged, including its prior knowledge of the Appellant's CRYSTAL JADE trademark and involvement in that business, should have been considered in evaluating the existence of bad faith. The separate issue of whether the CRYSTAL JADE mark was well known also should have been resolved by a full consideration of all issues affecting whether the mark possessed a sufficient reputation in Indonesia to qualify as well-known.

Sincerely,

Alan C. Drewsen
Executive Director